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**To:** Abbie Stonecypher <AStonecypher@HighlandCapital.com>

**Cc:** JP Sevilla <JSevilla@HighlandCapital.com>

**Subject:** Financials

**Date:** Wed, 16 Aug 2017 15:13:57 -0500

**Importance:** Normal

**Attachments:** Sentinel\_Related\_Entities\_1612\_Financial\_Statements.pdf;  
SEN\_1612\_Revised\_Unaudited\_Financial\_Statements.pdf

**Inline-Images:** image001.jpg

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Hi Abbie – financials are attached.

KATIE IRVING, CPA | DIRECTOR, BUSINESS DEVELOPMENT



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HCMUBS001066

# Sentinel Reinsurance, LTD

VIA EMAIL

August 16, 2017

Mr. J.P. Sevilla, Esq.  
SAS Asset Recovery Ltd.  
Grand Pavilion Commercial Centre  
802 West Bay Road  
Grand Cayman KY1-1102

Dear J.P.:

Enclosed please find the revised unaudited financial statements of Sentinel Reinsurance, Ltd. as of, and for the year-ended, December 31, 2016. The Management Discussion and Analysis within provides the net income as well as other relevant financial highlights.

Please feel free to contact me at 802.658.7834, or via email at [pkranz@beechercarlson.com](mailto:pkranz@beechercarlson.com), with any questions that you have regarding these financial statements.

Sincerely,



Peter A. Kranz, CPA  
Beecher Carlson Insurance Services, LLC  
*As Managers for Sentinel Reinsurance, Ltd.*

enclosures

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156 College Street, Suite 301  
Burlington, VT 05401

Phone: 802.658.7831  
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HCMUBS001067

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**SENTINEL REINSURANCE, LTD**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**December 31, 2016**

**Overall**

For the twelve months-ended December 31, 2016 and 2015, Sentinel Reinsurance, Ltd. ("Sentinel") had pre-tax income of \$4.2 million and \$5.1 million, respectively.

Capital and surplus at December 31, 2016 and 2015 was \$17.6 million and \$24.0 million, respectively.

**Balance Sheet**

At December 31, 2016, cash and investments totaled \$5.9 million. Loss reserves were \$361 thousand and unearned premium was \$1.2 million at December 31, 2016. Unearned premium represents the premium related to the unexpired portion of the D&O policies written during the year.

**Income Statement**

Through December 31, 2016, Sentinel had premiums earned of \$2.6 million and losses incurred resulted in an \$89 thousand gain, representing an overall decrease in loss reserves for the year-ended December 31, 2016. The underwriting profit for the twelve months ended December 31, 2016 was \$2.7 million.

General and administrative expenses totaled \$164 thousand through December 31, 2016, mainly consisting of captive management, audit, actuarial, legal fees, tax professional fees and license fees.

Net investment income was \$1.7 million for the year ended December 31, 2016, which includes the impairment charge against the CLO's of \$603 thousand.

**SENTINEL REINSURANCE, LTD**  
**FINANCIAL STATEMENTS**

**December 31, 2016**

**HCMUBS001070**

**SENTINEL REINSURANCE, LTD  
BALANCE SHEETS**

**As Of**

	<u>December 2016</u>	<u>December 2015</u>
<b>ASSETS</b>		
Cash - operating account	\$4,630,345.65	\$3,579,212.26
Cash - investment account	<u>1,256,400.74</u>	<u>1,439,568.64</u>
Total cash & cash equivalents	5,886,746.39	5,018,780.90
Investments at fair market value [Pg. 10]	12,818,303.90	10,992,340.56
Intercompany receivable [Pg. 11]	114,235.16	6,843,735.16
Accrued investment income	346,732.90	2,853,722.07
Insurance balances receivable	0.00	0.00
Prepaid expenses and other assets [Pg. 4]	<u>27,804.88</u>	<u>22,453.66</u>
<b>Total Assets</b>	<b><u>\$19,193,823.23</u></b>	<b><u>\$25,731,032.35</u></b>
<b>LIABILITIES</b>		
IBNR reserves	\$360,724.00	\$449,447.00
Unearned premium reserves	1,228,001.80	1,187,930.66
Other liabilities [Pg. 4]	<u>33,641.00</u>	<u>111,821.98</u>
<b>Total Liabilities</b>	<b><u>1,622,366.80</u></b>	<b><u>1,749,199.64</u></b>
<b>SHAREHOLDERS' EQUITY</b>		
Contributed surplus	20,564,738.89	25,828,055.00
Unrealized loss	(3,902,077.10)	(6,130,859.44)
Retained earnings	8,284,637.15	3,188,228.69
Dividends declared and paid	(11,566,683.89)	(4,000,000.00)
Year-to-date net income	<u>4,190,841.38</u>	<u>5,096,408.46</u>
<b>Total Shareholders' Equity</b>	<b><u>17,571,456.43</u></b>	<b><u>23,981,832.71</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$19,193,823.23</u></b>	<b><u>\$25,731,032.35</u></b>

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**SENTINEL REINSURANCE, LTD**  
**INCOME STATEMENTS**

For the Period Ending

	2016		2015	
	<u>December</u>	<u>Year-to-Date</u>	<u>December</u>	<u>Year-to-Date</u>
<b>Underwriting Income</b>				
Premiums written	\$688,773.36	\$2,631,100.44	\$539,459.00	\$2,858,526.66
Change in unearned premiums	<u>(50,792.12)</u>	<u>(40,071.14)</u>	<u>111,729.00</u>	<u>(832,944.66)</u>
<b>Net Premiums Earned</b>	<u>637,981.24</u>	<u>2,591,029.30</u>	<u>651,188.00</u>	<u>2,025,582.00</u>
<b>Loss and Loss Expense</b>				
Change in IBNR	<u>(910,452.64)</u>	<u>(88,723.00)</u>	<u>(704,961.00)</u>	<u>264,447.00</u>
Losses incurred	<u>(910,452.64)</u>	<u>(88,723.00)</u>	<u>(704,961.00)</u>	<u>264,447.00</u>
<b>Underwriting Profit</b>	<u>1,548,433.88</u>	<u>2,679,752.30</u>	<u>1,356,149.00</u>	<u>1,761,135.00</u>
General and administrative expenses [Pg. 5]	<u>(33,927.56)</u>	<u>(163,704.60)</u>	<u>(117,425.19)</u>	<u>(237,240.57)</u>
Net investment income	<u>(157,982.32)</u>	<u>1,674,793.68</u>	<u>2,190,013.79</u>	<u>3,572,514.03</u>
Net income before income taxes	<u>1,356,524.00</u>	<u>4,190,841.38</u>	<u>3,428,737.60</u>	<u>5,096,408.46</u>
Provision for income taxes	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Net Income</b>	<u>\$1,356,524.00</u>	<u>\$4,190,841.38</u>	<u>\$3,428,737.60</u>	<u>\$5,096,408.46</u>

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SENTINEL REINSURANCE, LTD  
STATEMENTS OF CASH FLOW

For the Period Ending

	2016		2015	
	December	Year-to-Date	December	Year-to-Date
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	\$1,356,524.00	\$4,190,841.38	\$3,428,737.60	\$5,096,408.46
Adjustment to reconcile net income to net cash provided by (used in) operating activities:				
Intercompany receivable	0.00	6,729,500.00	(6,759,814.64)	(6,780,483.15)
Micellaneous receivable	(7,522.03)	2,506,989.17	(2,336,997.65)	(844,227.19)
Insurance balances receivable	1,942,327.08	0.00	2,319,067.66	135,000.00
Prepaid expenses and other assets	(3,864.59)	(5,351.22)	(14,249.99)	(2,462.66)
IBNR reserves	(910,452.64)	(88,723.00)	(704,961.00)	264,447.00
Unearned premium reserves	50,792.12	40,071.14	(111,729.00)	832,944.66
Other liabilities	2,951.00	(78,180.98)	52,771.98	83,921.98
Net cash (used in) provided by operating activities	<u>2,430,754.94</u>	<u>13,295,146.49</u>	<u>(4,127,175.04)</u>	<u>(1,214,450.90)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net sale (purchase) of investment	<u>602,819.00</u>	<u>402,819.00</u>	<u>8,586,623.18</u>	<u>6,796,184.85</u>
Net cash provided by (used in) investing activities	<u>602,819.00</u>	<u>402,819.00</u>	<u>8,586,623.18</u>	<u>6,796,184.85</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(1,480,000.00)	(7,566,683.89)	(4,000,000.00)	(4,000,000.00)
Contributed surplus	<u>0.00</u>	<u>(5,263,316.11)</u>	<u>0.00</u>	<u>0.00</u>
Net cash (used in) provided by financing activities	<u>(1,480,000.00)</u>	<u>(12,830,000.00)</u>	<u>(4,000,000.00)</u>	<u>(4,000,000.00)</u>
Net increase (decrease) in cash and cash equivalents	1,553,573.94	867,965.49	459,448.14	1,581,733.95
Cash balance at beginning of period	<u>4,333,172.45</u>	<u>5,018,780.90</u>	<u>4,559,332.76</u>	<u>3,437,046.95</u>
Cash balance at end of period	<u><u>\$5,886,746.39</u></u>	<u><u>\$5,886,746.39</u></u>	<u><u>\$5,018,780.90</u></u>	<u><u>\$5,018,780.90</u></u>

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**SENTINEL REINSURANCE, LTD**  
**SUPPLEMENTAL SCHEDULES**

**December 31, 2016**

**HCMUBS001074**

**SENTINEL REINSURANCE, LTD**  
**PREPAID EXPENSES AND OTHER LIABILITIES**

As of

	<u>December 2016</u>	<u>December 2015</u>
<b>Prepaid Expenses and Other Assets</b>		
Prepaid management fees	\$15,000.00	\$20,000.00
Prepaid license fees	12,804.88	0.00
Prepaid director fees	<u>0.00</u>	<u>2,453.66</u>
<b>Total Prepaid Expenses and Other Assets</b>	<u><u>\$27,804.88</u></u>	<u><u>\$22,453.66</u></u>
 <b>Other Liabilities</b>		
Accrued investment fees	\$3,641.00	\$0.00
Accrued audit fees	22,500.00	25,920.00
Accrued other professional fees	0.00	78,401.98
Accrued actuarial fees	<u>7,500.00</u>	<u>7,500.00</u>
<b>Total Other Liabilities</b>	<u><u>\$33,641.00</u></u>	<u><u>\$111,821.98</u></u>

**SENTINEL REINSURANCE, LTD**  
**GENERAL AND ADMINISTRATIVE EXPENSES**

**For the Period Ending**

	<b>2016</b>		<b>2015</b>	
	<b><u>December</u></b>	<b><u>Year-to-Date</u></b>	<b><u>December</u></b>	<b><u>Year-to-Date</u></b>
Director fees	\$5,738.41	\$22,953.67	\$5,001.79	\$38,616.14
Management fees	16,000.00	66,000.00	15,000.00	60,000.00
Other Professional fees	0.00	0.00	78,401.98	78,401.98
Audit fees	3,060.00	22,500.00	9,720.00	27,120.00
Legal fees	0.00	17,051.00	0.00	0.00
Actuarial fees	3,750.00	15,000.00	3,750.00	15,000.00
License fees	5,031.15	16,463.42	5,031.25	17,073.28
Miscellaneous expenses	0.00	2,745.51	0.65	0.65
Bank charges	<u>348.00</u>	<u>991.00</u>	<u>519.52</u>	<u>1,028.52</u>
<b>Total General and Administrative Expenses</b>	<b><u>\$33,927.56</u></b>	<b><u>\$163,704.60</u></b>	<b><u>\$117,425.19</u></b>	<b><u>\$237,240.57</u></b>

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**SENTINEL REINSURANCE, LTD**  
**STATEMENTS OF UNDERWRITING INCOME**  
**SUMMARY OF ALL UNITS**

	<u>Period Ending December 2016</u>	<u>Year-to-Date December 2016</u>	<u>Inception- to-Date</u>
<b>Underwriting Income</b>			
Premiums written	\$688,773.36	\$2,631,100.44	\$6,239,627.10
Change in unearned premiums	<u>(50,792.12)</u>	<u>(40,071.14)</u>	<u>(1,228,001.80)</u>
Net Premiums Earned	<u>637,981.24</u>	<u>2,591,029.30</u>	<u>5,011,625.30</u>
<b>Losses and Underwriting Expenses</b>			
Change in IBNR	<u>(910,452.64)</u>	<u>(88,723.00)</u>	<u>360,724.00</u>
Losses incurred	<u>(910,452.64)</u>	<u>(88,723.00)</u>	<u>360,724.00</u>
<b>Underwriting Profit (Loss)</b>	<u><b>\$1,548,433.88</b></u>	<u><b>\$2,679,752.30</b></u>	<u><b>\$4,650,901.30</b></u>
 <b>Insurance balances receivable</b>		 \$0.00	
<b>IBNR</b>		\$360,724.00	
<b>Unearned premium reserves</b>		\$1,228,001.80	

**SENTINEL REINSURANCE, LTD**  
**STATEMENTS OF UNDERWRITING INCOME**  
**POLICY YEAR 15/16 (D&O DIRECT)**

	<u>Period Ending December 2016</u>	<u>Year-to-Date December 2016</u>	<u>Inception- to-Date</u>
<b>Underwriting Income</b>			
Premiums written	\$0.00	\$0.00	\$2,858,526.66
Change in unearned premiums	<u>89,909.83</u>	<u>1,187,930.66</u>	<u>0.00</u>
Net Premiums Earned	<u>89,909.83</u>	<u>1,187,930.66</u>	<u>2,858,526.66</u>
<b>Losses and Underwriting Expenses</b>			
Change in IBNR	<u>(416,149.44)</u>	<u>(449,447.00)</u>	<u>(254,217.00)</u>
Losses incurred	<u>(416,149.44)</u>	<u>(449,447.00)</u>	<u>(254,217.00)</u>
<b>Underwriting Profit (Loss)</b>	<u><b>\$506,059.27</b></u>	<u><b>\$1,637,377.66</b></u>	<u><b>\$3,112,743.66</b></u>
 Insurance balances receivable		 \$0.00	
IBNR		\$0.00	
Unearned premium reserves		\$0.00	

**SENTINEL REINSURANCE, LTD**  
**STATEMENTS OF UNDERWRITING INCOME**  
**POLICY YEAR 16/17 (D&O DIRECT)**

	<u>Period Ending December 2016</u>	<u>Year-to-Date December 2016</u>	<u>Inception- to-Date</u>
<b>Underwriting Income</b>			
Premiums written	\$688,773.36	\$2,631,100.44	\$2,631,100.44
Change in unearned premiums	<u>(140,701.95)</u>	<u>(1,228,001.80)</u>	<u>(1,228,001.80)</u>
Net Premiums Earned	<u>548,071.41</u>	<u>1,403,098.64</u>	<u>1,403,098.64</u>
<b>Losses and Underwriting Expenses</b>			
Change in IBNR	<u>(494,303.20)</u>	<u>360,724.00</u>	<u>360,724.00</u>
Losses incurred	<u>(494,303.20)</u>	<u>360,724.00</u>	<u>360,724.00</u>
<b>Underwriting Profit (Loss)</b>	<u><b>\$1,042,374.61</b></u>	<u><b>\$1,042,374.64</b></u>	<u><b>\$1,042,374.64</b></u>
 Insurance balances receivable		\$0.00	
IBNR		\$360,724.00	
Unearned premium reserves		\$1,228,001.80	

**SENTINEL REINSURANCE, LTD**  
**SUPPORTING SCHEDULES**

**December 31, 2016**

**HCMUBS001080**

**SENTINEL REINSURANCE, LTD**  
**DETAILED INVESTMENT SCHEDULE**  
**12/31/2016**

Type of	Security Description of	CUSIP	Date of Acquisition	Maturity	Units / Shares	Price	Market Value	Adjusted Cost Basis / Price	Value	Unrealized Gain (Loss)	Market Value
CLOs	Grayson CLO LTD 144A (GCLO 0)	389698302	12/30/13		5,000.00	344.59	1,722,925.00		2,645,236.00	(922,311.00)	1,722,925.00
CLOs	Greenbriar CLO LTD (GRNER 0)	39364F300	01/07/14		3,000.00	472.30	1,417,900.00		2,069,887.00	(652,387.00)	1,417,900.00
CLOs	Stratford CLO LTD 144A (STRAPD 0)	86280C301	01/07/14		4,000.00	503.39	2,013,540.00		2,505,097.00	(491,557.00)	2,013,540.00
CLOs	Emelund CLO LTD II	27734A400	01/20/14		4,000.00	353.40	1,413,600.00		2,300,161.00	(886,561.00)	1,413,600.00
<b>Total CLOs</b>							<b>6,567,565.00</b>		<b>9,520,381.00</b>	<b>(2,952,816.00)</b>	<b>6,567,565.00</b>
	Class B Preference Shares of Sequoia Diversified Growth Fund						190,752.00		200,000.00	(9,248.00)	190,752.00
Investment at Cost	SS Holdings						<b>6,059,986.90</b>		<b>7,000,000.00</b>	<b>(940,013.10)</b>	<b>6,059,986.90</b>
<b>Total Investments</b>							<b>12,818,303.90</b>		<b>16,720,381.00</b>	<b>(3,902,077.10)</b>	<b>12,818,303.90</b>

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**SENTINEL REINSURANCE, LTD**  
**Intercompany Receivable: 22107-0000-0000**  
**December 31, 2016**

	<u>Transaction Date</u>	<u>Transaction Amount</u>	<u>Payment Date</u>	<u>Payment Amount</u>	<u>Balance</u>
Maples and Calder Registered Office Fee - Nimitz	11/24/2014	2,457.26			2,457.26
Maples and Calder Registered Office Fee - Patton	11/24/2014	2,456.06			2,456.06
Maples and Calder Registered Office Fee - Sen Re	11/24/2014	2,453.66			2,453.66
Maples and Calder Registered Office Fee - SS Holdings	11/24/2014	2,492.66			2,492.66
Maples and Calder Registered Office Fee - Sen Re	9/18/2014	23,338.05			23,338.05
Maples and Calder Registered Office Fee - Nimitz	9/18/2014	425.98			425.98
Caledonian Directors Services Fee - Nimitz	12/17/2014	4,166.46			4,166.46
Caledonian Directors Services Fee - Patton	12/17/2014	4,066.46			4,066.46
Caledonian Directors Services Fee - Sen Re	12/17/2014	4,066.46			4,066.46
Caledonian Directors Services Fee - SS Holdings	12/17/2014	17,066.46			17,066.46
Caledonian Directors Services Fee - Sen Re	6/10/2014	162.50			162.50
Caledonian Directors Services Fee - Nimitz	6/10/2014	100.00			100.00
MaplesFS Directors Services Fee - Patton	8/4/2015	3,689.73			3,689.73
MaplesFS Directors Services Fee - Nimitz	8/4/2015	3,689.73			3,689.73
MaplesFS Directors Services Fee - Sen Re	8/4/2015	3,689.73			3,689.73
MaplesFS Directors Services Fee - SS Holdings	8/4/2015	9,599.32			9,599.32
MaplesFS Directors Services Fee - Patton	12/11/2015	2,453.66			2,453.66
MaplesFS Directors Services Fee - Nimitz	12/11/2015	2,453.66			2,453.66
MaplesFS Directors Services Fee - Sen Re	12/11/2015	2,453.66			2,453.66
MaplesFS Directors Services Fee - SS Holdings	12/11/2015	2,453.66			2,453.66
MaplesFS Directors Services Fee - Patton	7/5/2016	3,500.00			3,500.00
MaplesFS Directors Services Fee - Nimitz	7/5/2016	3,500.00			3,500.00
MaplesFS Directors Services Fee - Sen Re	7/5/2016	3,500.00			3,500.00
MaplesFS Directors Services Fee - SS Holdings	7/5/2016	10,000.00			10,000.00
<b>Total InterCompany Receivable (Payable)</b>		<u><u>114,235.16</u></u>		<u><u>-</u></u>	<u><u>114,235.16</u></u>
Nimitz, Ltd.	16,793.09				
Patton, Ltd.	16,165.91				
Sentinel Re Holdings, Ltd.	39,664.06				
SS Holdings, Ltd.	<u>41,612.10</u>				
<b>Total amount due:</b>	<u><u>114,235.16</u></u>				

HCMUBS001082

# Sentinel Reinsurance, LTD

VIA EMAIL

June 20, 2017

Mr. J.P. Sevilla, Esq.  
SAS Asset Recovery Ltd.  
Grand Pavilion Commercial Centre  
802 West Bay Road  
Grand Cayman KY1-1102

Dear J.P.:

Enclosed please find the unaudited financial statements as of, and for the year-ended, December 31, 2016 for the following entities:

- Nimitz, Ltd.
- Patton, Ltd.
- Sentinel Re Holdings, Ltd.
- SS Holdings, Ltd.

Please feel free to contact me at 802.658.7834, or via email at [pkranz@beechercarlson.com](mailto:pkranz@beechercarlson.com), with any questions that you have regarding these financial statements.

Sincerely,



Peter A. Kranz, CPA  
Beecher Carlson Insurance Services, LLC

enclosures

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156 College Street, Suite 301  
Burlington, VT 05401

Phone: 802.658.7831  
Fax: 770.870.3059

HCMUBS001083

**NIMITZ, LTD.**  
**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**HCMUBS001084**

**NIMITZ, LTD.  
BALANCE SHEETS**

As Of

	<u>December 2016</u>	<u>December 2015</u>
<b>ASSETS</b>		
Investments at cost	\$3,098,416.50	\$3,098,416.50
Prepaid expenses and other assets	<u>25,705.10</u>	<u>31,871.62</u>
<b>Total Assets</b>	<u><u>\$3,124,121.60</u></u>	<u><u>\$3,130,288.12</u></u>
<b>LIABILITIES</b>		
Intercompany payable	<u>\$16,793.09</u>	<u>\$13,293.09</u>
<b>Total Liabilities</b>	<u>16,793.09</u>	<u>13,293.09</u>
<b>SHAREHOLDERS' EQUITY</b>		
Contributed surplus	3,173,550.75	3,145,508.82
Retained earnings (deficit)	629,741.46	(1,567.60)
Dividends declared and paid	(1,415,248.83)	(658,255.25)
Year-to-date net income (loss)	<u>719,285.13</u>	<u>631,309.06</u>
<b>Total Shareholders' Equity</b>	<u>3,107,328.51</u>	<u>3,116,995.03</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u><u>\$3,124,121.60</u></u>	<u><u>\$3,130,288.12</u></u>

**NIMITZ, LTD.**  
**INCOME STATEMENTS**

For the Period Ending

	<b>2016</b>		<b>2015</b>	
	<b><u>December</u></b>	<b><u>Year-to-Date</u></b>	<b><u>December</u></b>	<b><u>Year-to-Date</u></b>
<b>Underwriting Income</b>				
Premiums written	\$ .00	\$ .00	\$ .00	\$ .00
Change in unearned premiums	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Net Premiums Earned</b>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Loss and Loss Expense</b>				
Change in IBNR	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Losses incurred	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Underwriting Profit (Loss)</b>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
General and administrative expenses	(11,798.95)	(37,708.45)	(6,174.72)	(26,946.19)
Net investment income	<u>.00</u>	<u>756,993.58</u>	<u>658,255.25</u>	<u>658,255.25</u>
Net income (loss) before income taxes	(11,798.95)	719,285.13	652,080.53	631,309.06
Provision for income taxes	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Net Income (Loss)</b>	<u><u>(\$11,798.95)</u></u>	<u><u>\$719,285.13</u></u>	<u><u>\$652,080.53</u></u>	<u><u>\$631,309.06</u></u>

**PATTON, LTD.**  
**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

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**PATTON, LTD.  
BALANCE SHEETS**

As Of

	<u>December 2016</u>	<u>December 2015</u>
<b>ASSETS</b>		
Investments at cost	\$22,729,638.50	\$22,729,638.50
Prepaid expenses and other assets	<u>25,705.10</u>	<u>31,871.62</u>
Total Assets	<u><u>\$22,755,343.60</u></u>	<u><u>\$22,761,510.12</u></u>
<b>LIABILITIES</b>		
Intercompany payable	<u>\$16,165.91</u>	<u>\$12,665.91</u>
Total Liabilities	<u><u>16,165.91</u></u>	<u><u>12,665.91</u></u>
<b>SHAREHOLDERS' EQUITY</b>		
Contributed surplus	22,804,772.75	22,776,730.82
Retained earnings (deficit)	3,313,858.14	(1,016.62)
Dividends declared and paid	(7,184,751.17)	(3,341,744.75)
Year-to-date net income (loss)	<u>3,805,297.97</u>	<u>3,314,874.76</u>
Total Shareholders' Equity	<u><u>22,739,177.69</u></u>	<u><u>22,748,844.21</u></u>
Total Liabilities and Shareholders' Equity	<u><u>\$22,755,343.60</u></u>	<u><u>\$22,761,510.12</u></u>

**PATTON, LTD.**  
**INCOME STATEMENTS**

For the Period Ending

	<b>2016</b>		<b>2015</b>	
	<u>December</u>	<u>Year-to-Date</u>	<u>December</u>	<u>Year-to-Date</u>
<b>Underwriting Income</b>				
Premiums written	\$ .00	\$ .00	\$ .00	\$ .00
Change in unearned premiums	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Net Premiums Earned</b>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Loss and Loss Expense</b>				
Change in IBNR	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Losses incurred	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Underwriting Profit (Loss)</b>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
General and administrative expenses	(11,798.95)	(37,708.45)	(6,174.72)	(26,869.99)
Net investment income	<u>.00</u>	<u>3,843,006.42</u>	<u>3,341,744.75</u>	<u>3,341,744.75</u>
Net income (loss) before income taxes	(11,798.95)	3,805,297.97	3,335,570.03	3,314,874.76
Provision for income taxes	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Net Income (Loss)</b>	<u><u>(\$11,798.95)</u></u>	<u><u>\$3,805,297.97</u></u>	<u><u>\$3,335,570.03</u></u>	<u><u>\$3,314,874.76</u></u>



**SENTINEL RE HOLDINGS, LTD.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**SENTINEL RE HOLDINGS, LTD.  
BALANCE SHEETS**

As Of

	<u>December 2016</u>	<u>December 2015</u>
<b>ASSETS</b>		
Cash - operating account	\$683,931.55	\$ .00
Investments at cost	20,564,738.89	25,828,055.00
Investments at market	7,052,026.65	6,750,000.00
Prepaid expenses and other assets	<u>25,705.10</u>	<u>31,871.62</u>
 Total Assets	 <u><u>\$28,326,402.19</u></u>	 <u><u>\$32,609,926.62</u></u>
<b>LIABILITIES</b>		
Intercompany payable	<u>39,664.06</u>	<u>6,786,164.06</u>
Total Liabilities	<u>39,664.06</u>	<u>6,786,164.06</u>
<b>SHAREHOLDERS' EQUITY</b>		
Contributed surplus	25,903,189.25	25,875,147.32
Retained earnings (deficit)	3,948,615.24	(24,517.17)
Unrealized gain (loss)	985,958.20	.00
Dividends declared and paid	(8,600,000.00)	(4,000,000.00)
Year-to-date net income (loss)	<u>6,048,975.44</u>	<u>3,973,132.41</u>
 Total Shareholders' Equity	 <u><u>28,286,738.13</u></u>	 <u><u>25,823,762.56</u></u>
 Total Liabilities and Shareholders' Equity	 <u><u>\$28,326,402.19</u></u>	 <u><u>\$32,609,926.62</u></u>

**SENTINEL RE HOLDINGS, LTD.**  
**INCOME STATEMENTS**

For the Period Ending

	<b>2016</b>		<b>2015</b>	
	<b>December</b>	<b>Year-to-Date</b>	<b>December</b>	<b>Year-to-Date</b>
<b>Underwriting Income</b>				
Premiums written	\$ .00	\$ .00	\$ .00	\$ .00
Change in unearned premiums	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Net Premiums Earned</b>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Loss and Loss Expense</b>				
Change in IBNR	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Losses incurred	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Underwriting Profit (Loss)</b>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
General and administrative expenses	(11,798.95)	(37,708.45)	(6,174.72)	(26,867.59)
Net investment income	<u>.00</u>	<u>6,086,683.89</u>	<u>4,000,000.00</u>	<u>4,000,000.00</u>
Net income (loss) before income taxes	(11,798.95)	6,048,975.44	3,993,825.28	3,973,132.41
Provision for income taxes	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Net Income (Loss)</b>	<u><u>(\$11,798.95)</u></u>	<u><u>\$6,048,975.44</u></u>	<u><u>\$3,993,825.28</u></u>	<u><u>\$3,973,132.41</u></u>

**SS HOLDINGS, LTD.**  
**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**SS HOLDINGS, LTD.  
BALANCE SHEETS**

As Of

	<u>December 2016</u>	<u>December 2015</u>
<b>ASSETS</b>		
Investments at fair market value	\$6,101,599.00	\$4,450,149.00
Prepaid expenses and other assets	<u>.00</u>	<u>2,453.66</u>
<b>Total Assets</b>	<u><u>\$6,101,599.00</u></u>	<u><u>\$4,452,602.66</u></u>
<b>LIABILITIES</b>		
Intercompany payable	<u>\$41,612.10</u>	<u>\$31,612.10</u>
<b>Total Liabilities</b>	<u>41,612.10</u>	<u>31,612.10</u>
<b>SHAREHOLDERS' EQUITY</b>		
Contributed surplus	7,000,000.00	7,000,000.00
Unrealized loss on investments	(889,725.00)	(2,541,175.00)
Retained deficit	(37,834.44)	(12,942.62)
Year-to-date net loss	<u>(12,453.66)</u>	<u>(24,891.82)</u>
<b>Total Shareholders' Equity</b>	<u>6,059,986.90</u>	<u>4,420,990.56</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u><u>\$6,101,599.00</u></u>	<u><u>\$4,452,602.66</u></u>

**SS HOLDINGS, LTD.  
INCOME STATEMENTS**

For the Period Ending

	<b>2016</b>		<b>2015</b>	
	<b>December</b>	<b>Year-to-Date</b>	<b>December</b>	<b>Year-to-Date</b>
<b>Underwriting Income</b>				
Premiums written	\$ .00	\$ .00	\$ .00	\$ .00
Change in unearned premiums	.00	.00	.00	.00
<b>Net Premiums Earned</b>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Loss and Loss Expense</b>				
Change in IBNR	.00	.00	.00	.00
Losses incurred	.00	.00	.00	.00
<b>Underwriting Profit (Loss)</b>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
General and administrative expenses	(10,613.41)	(12,453.66)	(2,500.89)	(24,891.82)
Net investment income	.00	.00	.00	.00
Net loss before income taxes	(10,613.41)	(12,453.66)	(2,500.89)	(24,891.82)
Provision for income taxes	.00	.00	.00	.00
<b>Net Loss</b>	<u><u>(\$10,613.41)</u></u>	<u><u>(\$12,453.66)</u></u>	<u><u>(\$2,500.89)</u></u>	<u><u>(\$24,891.82)</u></u>